

The Role of Socially Responsible Procurement to Economic Development: An Exploratory Study

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Abstract

Procurement managers often struggle with how to do the right thing for society – protect the environment, conserve resources, treat people fairly – as they strive to do the right thing for their businesses – improve performance, increase efficiency and lower cost. The purpose of the paper is to explore the characteristics and factors that drive or bar organisations to implement socially responsible purchasing. The methodology used by the paper is a literature analysis complemented with empirical data from secondary sources. The study finds that most organisations in developed countries in particular, the main drivers for socially responsible purchasing include stakeholder influence and organisational values, media and employees' concern. The main barriers are a lack of resources for supplier audits, difficulties to ensure that all suppliers adhere to regulations without cutting corners, differences in culture and management style, low levels of social standards and high levels of corruption in some countries of supply, all of which makes assurance practices a very costly enterprise. Future research could compare SRP (socially responsible purchasing) practices of focal organisations from different countries and deepen the understanding on contextual factors that shape responses of suppliers situated in different regions. Though exploratory in nature, this study assists managers and public procurers with a greater understanding of the drivers and barriers of socially responsible purchasing, as well as of success factors for integrating social aspects into purchasing practices. The paper contributes to the limited body of literature on the drivers and barriers for organisations to initiate and maintain the work on socially responsible purchasing.

Keywords: *Socially responsible purchasing, Economic development, Procurement, Private and public organisations*

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Background to the Study

The role of businesses in society is changing. Many companies experience rapt attention to their actions from a number of stakeholders, among others customers, media, governments and investors. More and more, stakeholders of all types – investors, business partners and vendors, employees, governments and communities, and most of all customers – are demanding both profitable performance and ethical conduct from companies. Balancing these priorities is no longer elective – those key stakeholders are actively rewarding or punishing companies for how successful they are at performing this balancing act. And procurement plays a pivotal role in the outcome. (Nastu, 2009). Responsible purchasing and supply chain performance represent growing and important areas for research (Leire and Mont, 2010). Despite the keen attention paid to social responsibility in the supply chain, the research area of socially responsible purchasing is relatively new and little has been studied regarding the practice of including social and ethical aspects in purchasing (Leire and Mont, 2010). There is demand on companies by stakeholders regarding their social performance (Elci and Akpan, 2007). The business community is being challenged to be more innovative and competitive, more productive and profitable, and more responsible and sustainable. There are pressures to deliver more value for shareholders, more security and opportunity for employees, and more collaboration and transparency with stakeholders on the solutions for issues such as those relating to corporate governance, environmental protection, corruption, human rights, human resource management practices, consumer protection, supplier relations, health and safety, and others. 77% of consumers said that it is important for companies to be socially responsible (Survey by Landor Associates 2012). Consumers buy products based on a combination of cost, quality, availability, maintainability and reputation factors and then hope the purchased products satisfy their requirements and expectations.

Purchasing and supply focal point is on sourcing, pricing and buying the right materials, at the right price and at the right time in order to provide a service or product. Effective purchasing can assist an organisation to reduce costs, maintain quality and manage the levels of risk to its supply chain (Business Case Studies 2014). Organisations are expected to contribute to the development of a sustainable society by actively introducing products and services that are not only economically appealing and environmentally friendly but that advance the fulfilment of a social need (Bai, C., & Sarkis, J., 2010). According to Pagell and Wu (2009), a supply chain's performance should be measured not just by profits, but also by its impact on environmental and social systems by having an effective supplier performance management system, good customer satisfaction and engaging with the society. The role of businesses in contemporary society is changing. Many companies experience rapt attention to their actions from a number of stakeholders, among others customers, media, governments and investors. Over time this attention has compelled the organisations to incorporate non-economic criteria into their purchasing and procurement practices (Mont and Leire 2009). However, so far, little knowledge and practice exist regarding the incorporation of social aspects into procurement activities by both businesses and public organisations.

Logistics research has only recently touched upon social issues, such as safety, environment and diversity (Mont and Leire 2009). Thus, there appears to be a gap between the societal desire of more socially responsible purchasing and the slow implementation and uptake of socially responsible purchasing at the aggregate level across companies and organisations. This research undertakes to fill the knowledge gap. It examines how social issues are addressed in the narrower context of the purchasing practices, the drivers and barriers to the adoption of socially responsible purchasing and the overall effect of the practice on supply chain performance in manufacturing organisations. So far, little knowledge and practice exist regarding the incorporation of social aspects into procurement activities by both businesses and public organisations. Although much can be learned from looking at literature in the green purchasing field, it is a fact that many of the preconditions and practices are different. Logistics research has only recently touched upon social issues, such as safety, environment and diversity that can become relevant in purchasing (Carter, 2004). Moreover, the literature on Corporate Social Responsibility is still lacking a connection to the purchasing function. There appears to be a gap between the societal desire of more socially responsible purchasing and the slow implementation and uptake of socially responsible purchasing at the aggregate level across companies and organisations. It appears that many companies have some kind of policy for including social aspects in dealing with suppliers, the extent of deployment and integration of these policies can differ significantly (Murray 2003). Therefore, the purpose of this study is to explore how social issues are addressed in the narrower context of the purchasing function in both public and private organisations. More specifically, this paper provides an initial outlook at the constructs of social criteria in purchasing, and the organisational capabilities that become relevant within this construct. Based on the literature analysis, a model for introducing and developing a system for socially responsible purchasing in an organisation is developed, which can further be tested and elaborated upon in further studies especially within the Nigerian context or environment.

The study relies on the data collected from literature regarding the ways companies specially in Europe incorporate social aspects into their purchasing activities and stimulate social improvements in their supply chains. Most literatures cover organisations both in the public sector, as well as private companies from the business-to-consumer sector and the business-to-business sector.

The study assists managers and public procurers with an understanding of the dimensions and drivers of socially responsible purchasing, as well as of the processes for incorporating social issues into organisational structures, procedures and everyday practices. The study is also useful for different stakeholders interested in the current situation with social issues in supply chains.

Defining Socially Responsible Purchasing

Researchers over the past several years have advocated that the role of supply chain management must expand to encompass social responsibility and purchasing managers

play an important role in firm's involvement in socially responsible activities (Carter & Jennings 2004). In order to produce something, manufacturers typically require many inputs from suppliers. These can range from raw materials to sophisticated components and modules. Suppliers are typically selected by the total landed cost which is the cost including transportation and custom clearance and all costs necessary to land the goods to the buyer's door. As Seong-Jong, Joo & Min, Hokey & Kwon, Ik-Whan G. & Kwon, Heboong (2013) state that cost is important since it influences profit and the firm must remain profitable, but additional considerations are needed such as social aspects. Taylor (2005) perceives that companies are no longer able to give reasons, which allow them to not practice socially responsible purchasing. Taylor seeks to highlight the importance of responsibility in purchases, supplier relations, as well as the specific role of buyers in promoting responsibility. In order to operate responsibly, the company has to manage many different things, and one of the most important is the procurement. Supply chain management and monitoring, documentation and information gathering are examples of procurement areas that companies should manage in order to operate truly responsibly in today's world. Socially responsible organizational purchasing is that which attempts to consider the public consequences of organizational purchasing to bring about positive social change through organizational purchasing behaviour (Drumwright 1994). In other words, when purchasing products or services, the company has ensured that they are made in accordance with fundamental ethical principles. Responsible purchasing is about buying goods and services that have a "sustainability premium" and avoiding those products or contractors that have obviously poor operating practices from a Triple Bottom Line perspective (Reeve & Steinhausen 2007). The increased level of concern over purchasing in socially responsible manner makes ethical supply chain issues a key factor in purchasing decisions (Allen, 2006).

The names and definitions that are used to denote socially responsible purchasing vary and the seemingly ad hoc inclusion of the social, environmental and ethical notions blurs the exact scope of SRP. Examples of names that are used are purchasing social responsibility (Carter, 2005), corporate social responsibility in the supply chain (Maloni and Brown, 2006), socially-responsible buying (Maignan, I., Hillebrand, B., Mcalister, D., 2002), responsible procurement (Allen, 2006), socially responsible purchasing and disposal (Webb et al., 2008), and ethical purchasing (Wells, 2004). For public purchasing, the terms, such as ethical public procurement, green public procurement, green public purchasing, Fair Trade public procurement and ethical assurance schemes (EFTA, 2007) are used. Thus, socially responsible purchasing appears to be more focused on supplier performance and compliance compared to environmentally responsible purchasing that also gives substantial attention to product performance. In both cases, however, focal organisations develop certain criteria that suppliers need to fulfil if they want to sell their products to the organisation.

Theoretical Literature Review

Few studies that consider the content of the disclosures, most support the role of legitimacy theory. Many studies of CSR explain their findings through legitimacy theory

(Deegan, 2002; O'Donovan, 2002). Legitimacy requires a reputation that must be retained, that is, it requires a company to convince its relevant publics that its activities are congruent with their values. Issues such as industrial conflict, social and environmental incidents, fraudulent or unethical management behaviour may threaten corporate legitimacy. However, a company can lose legitimacy even though it does not change its activities, either due to changes in the composition of its relevant publics or changes in their values (O'Donovan, 2002). Legitimacy theory suggests that CSR provides an important way of communicating with stakeholders, and convinces them that the company is fulfilling their expectations even when actual corporate behaviour remains at variance with some of these expectations.

Stakeholder theory is based on the notion that companies have several stakeholders, defined as groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions" (Freeman, 1998), with an interest in the actions and decisions of companies. Stakeholders include in addition to shareholders, creditors, employees, customers, suppliers, local communities, government, interest groups, etc. stakeholder theory sees the organization as part of the wider social system but this approach focuses on the various stakeholder groups within society, Deegan (2002) designates as ethical (or normative), holds that all stakeholders have the right to be treated fairly by a company. This view is reflected in the Gray R. H., Owen D. L. & Adams C. (1996) accountability framework, which argues that the company is accountable to all stakeholders to disclose social information. The second variant, which Deegan (2002) designates as managerial (or positive), explains CSR as a way of managing the company's relationship with different stakeholder groups (for example, Roberts, 1992; Ullman, 1985). Ullmann (1985) suggested that CSR is used strategically to manage relationships with stakeholders. Stakeholders are considered as having varying degrees of power or influence over a company, the importance being associated with control of resources. The more important (influential or powerful) the stakeholders are to the company; the more effort will be made to manage the relationship.

Empirical Review

There is an abundance of literature sources that investigate drivers for organizations to engage in CSR activities. (Palazzi and Starcher 2000; European Commission 2002; Sustainability 2002; WBCSD 2002; Graafland and van de Ven 2006; Mackey, Mackey et al. 2007). There is also a sufficient body of literature that examines drivers for green procurement, e.g. (Carter and Dresner 2001; Zsidisin and Siferd 2001; Coggburn and Rahm, 2005; Walker, H., Di Sisto, L., McBain, D., 2008; Vassallo, Hair, J., Black, W., Babin, B., Anderson, R., & Tatham, R. 2008). However, for socially responsible procurement, there is a very limited number of studies that specifically analyses drivers for organizations. A study of 111 Dutch companies demonstrated that the moral motive of developing Corporate Social Responsibility strategies induces a stronger involvement with Corporate Social Responsibility work than the strategic motive of seeing Corporate Social Responsibility as the financial success of the company in the long run (Graafland and Eijffinger 2004; Graafland and van de Ven 2006).

Allen, (2006) in her study argues that supplier diversity in social purchasing responsibility is a broad concept, describing the inclusion of groups that have traditionally found it difficult to break into the systems that large organizations have set up to buy in goods and services. Supplier diversity issue to refer specifically to programs aimed at increasing the number of ethnic minority-owned businesses (EMBs) that supply goods and services to public, private and voluntary organizations, either directly or as part of a wider emphasis on smaller enterprises in general, thus increasing enterprise performance. Bjurling, (2004) in his study asserts that supplier diversity has the potential to bring real organizational benefits and to help the enterprise perform better, both economically and socially. Supplier diversity improves supply chain performance through encouraging competition within the supply chain, winning new customers and improving community relations, winning public sector contracts, meeting corporate social responsibility (CSR) objectives, encouraging local economic development. (Bowen, 2001).

Dresner, (2001) in his study argues that currently many EMBs buy and sell within their own ethnic communities. For organizations outside those communities such co-ethnic trading can represent an untapped source of supply and/or sales which ultimately could provide a means of adding value through the supply chain. Chevron, for example, claims that its diverse suppliers contribute to the firm's overall vision of sustained performance by providing cost-effective solutions and processes. Such considerations could be particularly significant in internal markets where local content issues are important business drivers.

Coggburn, (2005) in his study argues that managers should encourage their own organization and others to be proactive in examining opportunities and to be responsible within their supply chains either upstream or downstream thus improving supply chain performance. They should encourage the environmental responsibility of their suppliers. They should also encourage the development of environmentally friendly practices and products throughout the organization thus high supply chain performance. Frankental, (2001) in his study argues that human rights issues such as ensuring that suppliers do not use child labour are generally more applicable to firms involved in international sourcing, while environmental issues such as identifying and sourcing non-hazardous alternatives for purchased parts and materials are more applicable to firms that purchase a large amount of such hazardous materials. All these aspects serve to ensure that human rights are adhered to hence the workers will be protected hence improving their organizational and supply chain performance.

Wallace, (2006) in his study argues that socially responsible procurement safety working environment conditions that improve supply chain performance could include: abiding by hours of service requirements, ensuring vehicles are adequately maintained, avoiding contamination/spoilage of food, including making sure that trailers and tankers are properly cleaned/purged, proper securement of load (not dumping product on roads), ensuring the safety of for-hire carriers: accident records, operating ratios, insurance,

training, including Safety as election criteria of for-hire carriers, driver certification and training, drug and alcohol testing and performing internal safety audits. In this paper we do not distinguish between public and private purchasing and use the term socially responsible purchasing for both types of organisations. We define socially responsible purchasing as “the inclusion in purchasing decisions of the social issues advocated by organisational stakeholders” (Maignan, I., Hillebrand, B., Mcalister, D., 2002). We also subscribe to the more elaborated definition by Drumwright (1994) that socially responsible purchasing “attempts to take into account the public consequences of organisational buying or bring about positive social change through organisational buying behaviour”.

Characteristics of Socially Responsible Purchasing

Socially responsible purchasing continues to be an area of interest from both a managerial and scholarly perspective. It has implications for all elements of the supply chain which include employees, suppliers, and customers (Carter, 2004). In their work, Carter and Jennings (2004) empirically established socially responsible purchasing to include stand-alone activities such as sourcing from minority-owned suppliers, environmental purchasing, safety human rights and philanthropy issues at supplier plants. In the work of Alistair and Rhian (2010) on Purchasing Social Responsibility practices in the Sweden, the environment, ethics and health were identified to be more important than diversity, community, and financial responsibility in the responsible purchasing context. Carter's (2004) work shows that no direct relationship is found between socially responsible purchasing and costs. Carter and Jennings (2004) also posit that the notion of social responsibility at the corporate level has been extended to the purchasing function and termed as purchasing social responsibility. They argue that socially responsible purchasing activities are purchasing activities that meet the ethical and discretionary responsibilities expected by society. Salam (2009) is of the opinion that purchasing managers span the boundary between the firm's internal functions and its external stakeholders, including suppliers and third parties (Cavinato1992; Webster 1992). Salam also posits that these managers are advantageously positioned to affect a firm's involvement in socially responsible activities. Managers are therefore seen to be significant forces in decision making with respect to implementing socially responsible purchasing. Socially responsible purchasing tends to concentrate on upstream life cycle stages, production methods and conditions such as health and safety, wages, workers' right, minorities, human rights, gender and racial equality (Lobel 2006). Carter and Jennings (2004) are of the view that socially responsible purchasing can ultimately serve as a significant source of sustainable competitive advantage for organisations. In their research, Carter and Jennings (2004) discovered that top management leadership, people-oriented organisational culture, employee initiatives and customer pressure will lead to an increased level of purchasing social responsibility. In a related work, Salam (2009) also established the significant influence that government regulations and employee values can have on socially responsible purchasing. It can therefore be deduced from these authors' argument that the drivers of socially responsible purchasing activities are important in any organisation's move to attain success.

Drivers of Socially Responsible Purchasing

Some key determinants of socially responsible purchasing identified by Carter and Jennings (2002) include management leadership, people-oriented organisational culture, customer pressures and employee initiatives. From their study, they found that a people-oriented organisational culture and individual values are the most powerful determinants of socially responsible purchasing. Similarly, in their subsequent work, Carter and Jennings (2004) presented employee initiatives and values, organisational size, organisational culture and top management leadership, government regulations and customer pressure are drivers of socially responsible purchasing. The findings show that there is no direct relationship between socially responsible purchasing and employee values as well as government regulations. However, a significant relationship was found between socially responsible purchasing and top management leadership and customers which indicate the importance of a coordinated relationship between upstream and downstream logistics managers in the organisation. Worthington, Ram, Boyal and Shah (2008), in their study identified legislation/public policy, economic opportunities, stakeholder expectations and ethical influences as drivers of socially responsible purchasing showing from their findings that relevant stakeholder pressure, legislative and policy developments, economic and ethical influences shape organisational responses. These views show that drivers of socially responsible purchasing are of paramount importance to organisational responsiveness to social responsibility.

Several scholars focus on the role top management executives play in influencing purchasing decisions. Top management leadership and support is an important resource for companies to adopt socially responsible purchasing practices in the supply chain initiatives (Lee, 2008; Carter and Jennings, 2002). Top management support is also argued to be a key driver for socially responsible purchasing practice since top executives are responsible for what goes on in the organisation and therefore are likely to influence the culture organisations. Top management support and organisational values are seen to be the principal internal drivers of socially responsible purchasing practices (Walker, H., Di Sisto and McBain, 2008; Carter and Jennings, 2002). Management show its commitment to the activities involved in the socially responsible purchasing practices by involving all members of the supply chain (Carter and Jennings, 2004). Top managers' ethical norms are important as the managers can influence organisational values and practices (Finkelstein and Hambrick, 1996). The stakeholder theory supports this notion (Van Aken, Berends, and Van der Bij, 2006). By communicating ethical and social expectations, adhering to practices and holding members of the organisation responsible for ethical and social actions, top managers can promote ethical behaviour such as socially responsible purchasing (Brown and Trevino, 2006). The reason why top management is important may be related to the issue of resources since top management ensure and deploy organisational resources to meet each departmental objectives and the organisation's strategic goals (Hoejimose and Adrien-Kirby, 2012).

People-oriented organisational culture, employee initiatives and customer pressure will lead to an increased level of socially responsible purchasing (Carter and Jennings 2004; Cambra-Fierro, Hart and Polo-Redondo (2008). Employees' influence on an organisation's socially responsible purchasing activities has also been identified as a significant driver (Park and Stoel, 2005; Carter and Jennings, 2002). In support, employee values are seen to have significant influence on socially responsible purchasing (Salam, 2009). Having covered a wide range of socially responsible purchasing antecedents, Blome and Paulraj (2013) support the notion that organisational context could have a significant influence on socially responsible purchasing. The desire to reduce the risk of negative publicity probably by the media and the desire to reduce waste and costs were also suggested as drivers of socially responsible purchasing practices (Roberts, 2003; Maignan and Mcallister, 2003; Rao and Holt, 2005). According to Pullman, Maloni and Carter (2009), current programmes on sustainability indirectly help the economic bottom line of organisations. Customers are believed to have an important role in all market-oriented organisations since the revenues are provided by the customers' buying decisions (Shneider & Wallenburg, 2012). Customer pressure is seen to be an important driver of social issues in supply chain (Salam, 2009; Worthington, 2009; Carter and Jennings, 2004). Roberts (1996), was of the view that ecologically conscious consumers believe that they can help in solving the environmental problems which was found to be a good predictor of consumer behaviour. In their study, Berns, Townend, Khayat, Balagopal, Reeves, Hopkins and Kruschwitz (2009) found that consumer demand or concerns about sustainability have significant impact on businesses. Customers' sustainability requirement is seen not only to have impact on the implementation of sustainable sourcing, but it also has effect on corporate management which help to ascertain sufficient strategic positioning at the corporate level (Shneider & Wallenburg, 2012).

According to Worthington, Ram, Boyal and Shah (2008), government legislation and consumer pressure are two of the major drivers which influences the engagement of ethical purchasing activities. Furthermore, Preuss (2001) found that the motivation for manufacturing organisations regarding environmental initiatives revolves around complying with legislation and cost or quality consideration. In their study, Berns, Townend, Khayat, Balagopal, Reeves, Hopkins and Kruschwitz (2009) found that sustainability related issue that has the highest effect on businesses is government legislation. They stress that government regulations have a great effect on efforts of businesses on sustainable practices. In their research on how organisations view and handles environmental issues, Stone and Wakefield (2001) found that organisations that respond to eco-oriented issues perform better in business. Montabon and Curkovic (2007) state that the popularity of environmental management practices is on the increase as a result of the introduction of voluntary and international environmental standards such as ISO 14001.

According to Shneider and Wallenburg (2012), there are varieties of laws on the social aspects of business activities such as specification of working conditions, minimum wage, economical solidity of the firm which have great influence on corporate behaviour.

Similarly, regulatory authorities have been identified as driver of sustainable sourcing practices (Goebel, Reuter, Pibernik, & Sichtmann (2012). 2008, Min and Gale 2001). However, Cater and Carter (1998) found that regulatory authorities have no effect.

Barriers to Socially Responsible Purchasing

While there are drivers that influence organisations to adopt socially responsible purchasing practices, there are some factors that prevent organisations from adopting the socially responsible purchasing practices. Barriers comprise of the lack of financial resources, lack of skills, training and information on how to develop and implement socially responsible purchasing regarding social and ethical aspects, lack of top management commitment/support for the initiation and implementation phases of socially responsible purchasing (Mont & Leire, 2008; Berns, Townend, Khayat, Balagopal, Reeves, Hopkins, and Kruschwitz (2009). According to Maignan, Hillebrand and Mcalister (2002), top management are seen to hinder socially responsible purchasing practices since they are in the habit of hesitating to make resources available for the adoption and implementation of social procurement policy. Justification of activity and its cost based on profit or business benefit is seen to be a barrier to socially responsible purchasing. Most organisations are of the opinion that social considerations in purchasing can reduce the ability to realise cost savings (Maignan, Hillebrand and Mcalister, 2002). According to the study carried out by Curkovic and Sroufe(2007), their findings show that organisations estimate the direct cost of environmental initiatives but could not assess the less tangible costs and benefits that can be achieved from responsible behaviour. Their findings show that engaging in responsible business activities are costly. They are also perceived to be relatively costly when compared to the benefits gained (Orsato, 2006). According to Nidumolu, Prahalad, and Rangaswami (2009), it is believed that becoming environmentally friendly, will increase costs and therefore will not produce immediate financial benefits. The corporate focus on cost has been shown to negatively influence an organisation's engagement with socially responsible purchasing practices (Cooper, 2010). This also suggests that organisational culture is a significant barrier to the adoption of socially responsible purchasing practices. Managers need to know that the establishment of the organisational values can influence the behaviour of employees both within and outside the work environment such as the supply chain (Cambra-Fierro, Hart and Polo-Redondo, 2008). In their study of purchasing professionals, Razzaque and Hwee (2002), found that organisational culture had a significant influence on the views of purchasing personnel regarding ethical issues.

What is thought to be a suitable socially responsible purchasing practice in developed countries may not be similar to that in developing countries (Winstanley, Clark & Leeson 2002). This is supported by scholars who studied how cultural beliefs and values affect the perceptions of trust and ethical behaviour, showing that different cultures and traditions of the focal organisations and suppliers can prevent the purchasing and supply function from being a pure economic transaction (Christie et al., 2003; Ueltschy, Ueltschy and4 Fachinelli, 2007). According to Bird and Smucker (2007),

cultural institutions may affect how socially responsible practices are employed. According to Beske, Koplin and Seuring (2007), each continent as well as the countries that comprise it have various acceptable standards determined by organisations or government regarding sustainability practices due to different environmental circumstances in various locations. They opined that it will be difficult to gain cooperation from organisations and not all suppliers will be comfortable with restrictions placed on them which will therefore limit supply options. Also, there is difficulty in monitoring the organisations to ensure that they are complying with set regulations and standards (Koplin, Beske, & Seuring, 2007). Supporting this, Nidumolu, Prahalad, and Rangaswami (2009), stated that compliance is rather complicated as regulations vary by country, state or region and city.

Economic benefits from Socially Responsible Procurements.

Tendering processes are used in public procurements to determine the best price-quality relationship for the goods, services or contracts to be procured. The costs and impacts of the product over its entire life cycle can be taken into account in the price-quality relationship. However, most contracting authorities in developed countries also contribute to achieving goals that are important for society, including employment, human well-being and the implementation of fundamental rights. Including social considerations in public procurements means that contracting authorities also consider the impacts of their procurements in a larger societal frame of reference. Socially sustainable procurements may create overall savings in fulfilling their tasks when not only the purchasing price but all societal benefits of the procurement, including improved working ability or prevention of exclusion, are factored in. Besides benefits to the contracting authorities' own activities, responsible procurement can dynamically influence market functioning. An increase in the demand for socially responsible products or services is likely to also increase their offer. Public procurements can also encourage the creation of solutions and products with innovative societal impacts.

Public procurement can serve as an example of socially sustainable purchases. By showing our willingness to invest in socially sustainable procurement and by spreading the word about the impacts of these activities, we can at best also influence private consumption and buying habits. One way of passing on the message is to describe good experiences of responsible procurements on the contracting authority's website. Openly communicating about contracting authority's experiences will increase transparency in relation to citizens and residents. It will also help the suppliers of the products or services to be procured anticipate the social requirements set for the procurements.

The social considerations may also be associated with innovations. New products with innovative features that promote social responsibility and considerations may be created in the market, and their development can be encouraged by procurements. For example, a material in a product purchased by a certain contracting authority can be replaced by a more socially sustainable and/or completely new alternative. In addition to the direct economic benefits, several companies have experienced that socially responsible

practices and strategies can provide competitive advantages such as improved employees' loyalty, motivation, and commitment to work (Fossgard-Moser, 2005; Schiebel & Pochtrager, 2003). Corporate commitment to certain values can help employees to find a meaning and purpose in their work, which can motivate employees and increase the ability to attract and retain top talented employees. Employee satisfaction is also often strongly correlated to productivity (Björklund 2010). Similarly, Marsden (1996) pointed that socially responsible companies are much more likely to attract good recruits, grow and retain loyalty, be preferred suppliers, and be given the benefit of the doubt when things go wrong. Another key internal driver for all organisations is to maintain reputation (Fombrun in Doh and Stumpf, 2005; Mont & Leire 2009). They can do this by developing and implementing socially responsible purchasing practices that help avoid risks to brand names and reputation, which are key intangible assets of organisations (Roberts, 2003; Mont & Leire 2009). This risk-averse behaviour of organisations has been classified as an internal driver for organisations, even though it is very much influenced by external forces such as stakeholders. One of the growing forces that shapes how organisations and companies do business is NGOs. Another group is the media which is increasingly gaining importance as a driver for including social issues in ongoing efforts of companies and organisations to improve existing purchasing practices (Mont and Leire, 2009).

Avoidance of negative effects may motivate procurement to be “more sustainable” in many ways. Many studies indicate that legislation and public policy are major motivations for companies' sustainability efforts. Government legislation may include elements that will be sanctioned if they are not complied with (Gyöngyi Vörösmarty & Imre Dobos & Tünde Tátrai 2011). As noted earlier, Finnish companies are obligated to comply with the regulatory requirements set by the authorities. The Confederation of Finnish Industry and Employers is also seen as a driver that promotes the development of social responsibility. The Confederation has drafted a corporate responsibility agenda to its member industries (Panapanaan, Linnanen, Karvonen, and Phan 2003). It is highlighted that the role of individuals is important (Gyöngyi Vörösmarty & Imre Dobos & Tünde Tátrai 2011). The company's management and owners are largely affected by the implementation of responsible purchasing through their own values. Managers at all levels play an important role in promoting socially responsible purchasing by developing policies that explicitly out-line the firm's desire to engage in CSR (Carter and Jennings, 2000). Senior managers can be turned on by a number of factors. Reducing risk, motivating the team, developing a good public image and improving performance in investors' eyes can all be as strong an attraction as bigger profits (Taylor 2005). A study of drivers of social responsibility conducted by Salam (2009) suggest that top management leadership, individual values of purchasing employees, and employee initiatives are all positively related to social responsibility in purchasing. According to FIBS (2015) study, the most effective players in the implementation of responsible activities are the owners of the company.

Conclusions and Suggestions for Future Research

This study aimed at better understanding why there is a large gap between expectations of society regarding socially responsible purchasing practices of organisations and their actual activities, in business and public sectors. The paper also sets out to explore the societal perspective of sustainable supply chain with particular focus on socially responsible purchasing and supply chain performance. The paper, through review of literature was able to examine the drivers that facilitate the successful adoption of socially responsible purchasing practices and barriers that impede the adoption in manufacturing organisations. The findings show that some drivers and barriers are seen to more important than the others. Top management appears to be a major factor in the adoption of socially responsible practices. Customer pressure and government legislation are also seen to be main drivers of socially responsible purchasing while cost and organisational culture seem to be the major barriers. While the current study establishes the various drivers of and barriers to socially responsible purchasing in the supply chain process, further in-depth examination of how the drivers and barriers impact the degree of adoption of socially responsible purchasing and how this influence the supply chain performance will provide value and practical understanding for future strategy by organisations.

The findings of the research will assist policy makers and management of industries to discover the critical factors needed in the overall success of their supply chain processes in relation to sustainability. It will also assist government in their policy-making decisions as regards the manufacturing impact on the environment and society.

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